

## MEDICO-LEGAL

### A COUNTY SOCIETY EXPULSION COMPLICATION

**On a Suit for Slander.**—The following interesting news items appeared in the daily press, as coming over the Associated Press wires. Some members who perused the revised constitution and by-laws of the California Medical Association may have wondered why the sections dealing with complaints of an ethical nature against members of component county societies were so explicitly drawn. That was done in an effort to prevent the unpleasant consequences which can sometimes result if accepted and fundamental legal procedures are not properly observed when a physician is on trial before his fellows on a charge of unethical conduct. The editor does not know the details of the Spokane case. The press dispatches are here reprinted so that all county society members and officers who have or who assume responsibilities in these matters may be reminded to be alert to the legal and other phases of such questions and problems in ethics, in case such problems in ethics should come before them. All component county societies are obligated to observe the requirements laid down by the parent state association. County society by-laws which do not include the safeguards laid down in the state association constitution and by-laws should be amended to conform therewith.

The news dispatches follow:

*Excerpt from San Francisco Examiner, January 4, 1931:*

#### Doctor Wins \$30,000 Damages for Ouster

Spokane (Wash.), January 4.—(AP).—Dr. W. W. Robinson, who was expelled from the Spokane County Medical Association, was awarded \$30,000 tonight by a jury which heard his suit against ten Spokane physicians whom he accused of conspiracy to slander.

*Excerpt from San Francisco Call, January 6, 1913:*

#### Doctor Wins Suit for \$30,000 Aimed at Other Medicos

Spokane (Wash.), January 6, (AP).—Ten doctors ordered to pay \$30,000 to Dr. W. W. Robinson for "slandering and humiliating" him by expelling him from the Spokane County Medical Society will appeal the case, it was made known today by their counsel.

A jury verdict gave the award to Robinson, who had sued for \$60,000. He has a libel suit for \$30,000 pending against Dr. Charles S. Ward and Dr. Carroll Smith for publishing charges against Robinson in a medical journal.

The case began with a malpractice suit, Robinson contended, in which he testified against a doctor who performed improperly an operation on a girl. Robinson said this "set the doctors against him."

## INCOME TAX REPORTS OF PHYSICIANS

**Income Tax Reports.**—Income tax reports are something which must be made out by the great majority of members of the California, Nevada, and Utah Medical Associations. Inasmuch as exemptions allowed by the federal government are of a somewhat technical nature, and because mistakes are apt to cause financial loss, it seems proper to again print a digest of the general rulings which apply to physician citizens.

The taxpayer who is required to make a return must do so on or before March 15, unless an extension of time for filing the return has been granted. For cause shown, the collector of internal revenue for the district in which the taxpayer files his return may grant such an extension, on application filed with him by the taxpayer. This

application must contain a full recital of the causes for the delay. Failure to make a return may subject the taxpayer to a penalty of 25 per cent of the amount of the tax due.

The normal rate of tax on individual citizens or residents of the United States, under the Revenue Act of 1928, is 1.5 per cent on the first \$4000 of net income in excess of the exemptions and credits, 3 per cent on the next \$4000, and 5 per cent on the remainder.

### WHO MUST FILE RETURNS

1. Returns must be filed by every person having a gross income of \$5000 or more, regardless of the amount of his net income on his marital status. If the aggregate gross income of husband and wife, living together, was \$5000 or more, they must file a joint return or separate returns, regardless of the amounts of their joint or individual net incomes.

2. If gross income was less than \$5000, returns must be filed (a) by every unmarried person, and by every person married but not living with husband or wife, whose net income was \$1500 or more, and (b) by every married person, living with husband or wife, whose net income was \$3500 or more. If the aggregate net income of husband and wife, living together, was \$3500 or more, each may make a return or both unite in a joint return.

If the marital status of a taxpayer changed during the tax year, the amount of income necessary to bring him within the class required to make returns should be ascertained by inquiry of the local collector of internal revenue.

As a matter of courtesy only, blanks for returns are sent to taxpayers by the collectors of internal revenue, without request. Failure to receive a blank does not excuse anyone from making a return; the taxpayer should obtain one from the local collector of internal revenue.

The following discussion covers matters relating specifically to the physician. Full information concerning questions of general interest may be obtained from the official return blank or from the collectors of internal revenue.

### GROSS AND NET INCOMES—WHAT THEY ARE

**Gross Income.**—A physician's gross income is the total amount of money received by him during the year from professional work, regardless of the time when the services were rendered for which the money was paid, plus such money as he has received as profits from investments and speculation, and as compensation and profits from other sources.

**Net Income.**—Certain professional expenses and the expenses of carrying on any enterprise in which the physician may be engaged for gain may be subtracted as "deductions" from the gross income, to determine the net income on which the tax is to be paid. An "exemption" is allowed, the amount depending on the taxpayer's marital status during the tax year, as stated before. These matters are fully covered in the instructions on the tax return blanks.

**Earned Income.**—In view of the credit of 25 per cent allowed on earned net income, the physician should state accurately the amount of such income as distinguished from his receipts from other sources. Earned income means professional fees, salaries and wages received as compensation for personal services rendered. From this, in the computation of the tax, must be subtracted certain "earned income deductions." The difference is the "earned net income."

A physician may include as "earned" income money paid by patients who were looked after in part by his assistants. In order to do so, however, the patients on whose account the money was paid must have been in fact the patients of the physician-taxpayer and have looked to him as responsible for the services performed. Moreover, the services must have been performed under the physician-taxpayer's supervision.

The first \$5000 of an individual's net income from all sources may be claimed, without proof, to be earned net income, whether it was or was not in fact earned within the meaning set forth in the preceding paragraph. Net income in excess of \$5000 may be claimed as earned if it in fact comes within that category. However, a taxpayer may not claim, as earned, net income in excess of \$30,000.

The conditions relating to the computation of the tax on earned income are too elaborate to be stated here. In case of doubt, physicians should consult collectors of internal revenue.

### DEDUCTIONS FOR PROFESSIONAL EXPENSES

A physician is entitled to deduct all current expenses necessary in carrying on his practice. The following statement shows what such deductible expenses are and how they are to be computed:

**Office Rent.**—Office rent is deductible. If a physician rents an office for professional purposes alone, the entire rent may be deducted. If he rents a building or apartment for use as a residence as well as for office purposes, he may deduct a part of the rental fairly proportionate